

CIA/OER/S-07084-75 CONTAINERSHIPS IN WORLD TRADE  
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Approved For Release 2003/05/28 : CIA-RDP86T00608R000600020037-5

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Containerships in World Trade

1. The use of containerships has expanded rapidly since introduced on international trade routes by the United States and other Western maritime powers in 1966. Today more than 340 large containerships capable of carrying a total of over 360,000 containers -- nearly 85% under US, UK, Japanese and West German flags -- operate around the world.

2. Over the years containerships have evolved into larger and faster vessels of different types. The most prevalent design is the large fully cellular containership whose entire cargo-carrying capacity is devoted to containers. Under each of its hatches is a rectangular metal framework -- extending from the main deck to the bottom of the ship -- which form cells into which standard 20-foot and 40-foot containers are stacked. Additional containers are carried on deck. Fully cellular containerships are primarily intended for commercial use in specific scheduled services/<sup>and</sup> most require special container ports to load or discharge. They can, however, speed the transport of ammunition, food and spare parts or any other cargo within container size and weight limitations but cannot carry personnel or heavy equipment without modifications.

3. Another major type of containership is the multi-decked roll-on/roll-off (ro-ro) ship designed to carry vehicles

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as well as containers. Newer in design and far less numerous than fully cellular container vessels, ro-ro ships load directly using dock level side and stern openings. They do not require special container ports and can be pressed into service without modification to carry light tanks and other military equipment.

4. Most containerships currently in use have maximum speeds of 20 to 26 knots. Few are capable of speeds over 26 knots. The fastest containerships are eight fully cellular SL-7's owned by the US Sealand Corporation which have maximum speeds of 33 knots and cruising speeds of 30 knots. These vessels have been forced to reduce speeds to 28 knots since the energy crisis because of high fuel consumption and increased prices of bunker fuel. The SL-7's were built in West Germany and Holland and are operated in the US trade. Thirty-one other containerships -- built in West Germany, the United Kingdom, and Japan -- have maximum speeds of 26 to 27 knots.

5. The United States, the United Kingdom, Japan and West Germany have the world's largest container fleets and have built most of the containerships now in operation. While the US and Japan produce mainly for their home markets, West Germany has been the major containership exporter. A world leader in construction and research on fast, modern containerships, West Germany is currently designing nuclear containerships capable of 35 knots.

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6. World demand for containerships is slowing as current requirements for these vessels are being met in the face of declining world trade. As a result, West Germany and other European shipbuilders are anxious to exploit potential Communist markets. The Communists have lagged behind developed Western maritime nations in acquiring modern containerships. Although ahead of its East European Communist maritime allies and Communist China, the Soviet Union has until recently moved cautiously in this field. Its primitive containerships consist of small slow vessels, none capable of more than 20 knots (see attached article).

7. However, the Soviet Union has ambitious plans to acquire more containerships and to upgrade its container port facilities. At least 30 large containerships -- including fully cellular and ro-ro containerships -- are on order at domestic and foreign yards. The fastest are gas-turbine ro-ro containerships capable of up to 25 knots to be constructed at a Soviet yard. In addition, Moscow's Polish, East German and Finnish suppliers are building ships capable of up to 23 knots. Containerships capable of speeds over 26 knots are beyond the demonstrated capabilities of Communist and non-COCOM countries.

8. East Germany and Poland also have small, slow containerships -- mostly part-containerships -- and limited expansion plans. Communist China has no containerships. There are no

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direct regular container services to or from China and little prospect that any but those initiated by foreign shipping companies -- especially Japanese firms -- will begin in the next few years.

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30 January 1975

Soviet Containerships

The Soviet Union is making ambitious plans to develop its containerized transport capabilities. Moscow has allocated over \$500 million for the next few years to add fast, modern container-ships to its growing merchant fleet. The introduction of these vessels and the development of modern container handling facilities at Soviet ports will enable the Soviet fleet to compete more effectively along key international trade routes as well as enhance Soviet military sealift capabilities.

The Soviet merchant fleet is the seventh largest in the world with more than 14 million deadweight tons. Its container-ships are primitive by Western standards, consisting of about fifty small, slow vessels capable of handling a total of only 10,000 containers. In contrast, the container fleet of developed Western maritime powers -- mostly under US, UK, Japanese and West German flags -- consists of 340 large, modern ships which can carry 360,000 containers.

Moscow has placed more ship orders than any other country. At least 30 large containerships capable of handling more than 20,000 containers will be built in domestic, East European and other yards. These additional ships will bring the Soviet container fleet to 5 to 10 percent of world capacity by 1978.

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Included in current Soviet orders are full containerships and roll/on-roll/off vessels designed to carry vehicles as well as containers. Some of these vessels are capable of speeds of up to 25 knots, and are able to handle 700 to 1,400 containers -- similar to ships ordered by Western fleets. Larger ships capable of handling 1,800 to 2,500 containers at speeds of over 30 knots -- equal to the current state of the art -- may be added to the fleet, perhaps as early as 1980. Such vessels are beyond both the demonstrated technical capabilities of Communist yards where most Soviet containerships are constructed and current Soviet commercial needs.

Leading European containership builders, facing tapering demand as the expansion of the world container fleet slows, are anxious to exploit the Soviet market. West Germany has proposed changing the COCOM restrictions on the export of full containerships -- which carry only containers -- with speeds up to 33 knots up from the current limit of 26 knots. The fastest and most sophisticated full containerships currently in operation are 33 knotters built in West Germany and Holland and operated in US trade.

By enlarging its containership fleet, Moscow will increase the capacity of feeder services at both ends of its Trans-Siberian Landbridge, the direct rail link between Leningrad and Nakhodka with sea connections to other European and Far Eastern ports.

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The Landbridge competes with the increasingly larger and faster containerships run by Western shipping firms along the all-sea route between Europe and the Far East.

Moscow also intends to compete directly along the all-sea route; three containerships will be assigned to this route in the spring. Two Japanese companies have been contacted for a possible joint service. Moscow is concerned that the all-sea route will become more attractive to shippers if the Suez Canal is reopened this summer. Sea transit times between Western Europe and Hong Kong, for example, could be shortened from about one month to three weeks, roughly the shipment time via the Trans-Siberian Landbridge.

Moscow is trying to capture more of South Asia's seaborne trade with Europe by rate-cutting and needs an efficient container fleet to do so. Taking advantage of a decision by the Far Eastern Freight Conference -- a shipping cartel of 26 shipping lines operating between Europe and the Far East -- to increase rates by 18 percent, Moscow formed a joint Soviet-Filipino shipping company with 15 percent lower rates to Europe. Singapore, Thailand, Indonesia and other countries in the area have threatened to switch to Soviet vessels to avoid the Conference's rising rates. Moscow may want to join the Conference, however. In at least one other trade, the Soviet Union established itself with substantially lower rates and then, threatening to reduce rates further, applied and was accepted for conference membership.

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Soviet containerships would prove a growing irritant to containership operators in other trades, particularly in those to the US. The Soviet Union is an important non-conference competitor on trans-Pacific routes, and three of six Soviet scheduled services to the US already offer partial container service. Within a few months, Moscow plans to begin upgrading its trans-Pacific and trans-Atlantic services to North America by replacing older vessels with its first new high-speed containerships.

Fast Soviet containerships will also enhance the military support capabilities of the Soviet merchant fleet. Roll/on-roll/off containerships can be pressed into service to carry light tanks and trucks. Although full containerships require extensive modifications to carry personnel or heavy equipment and must rely on specialized container terminals to load or discharge, they can speed the transport of ammunition, food and spare parts.

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